

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re: USA Commercial Mortgage Company

Case No. 06-10725-LBR

**CHAPTER 11
MONTHLY OPERATING REPORT
(GENERAL BUSINESS CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 07/31/12PETITION DATE: 04/13/06

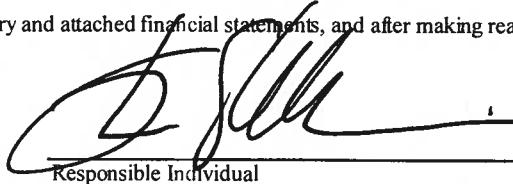
1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).
Dollars reported in \$1

	<u>End of Current Month</u>	<u>End of Prior Month</u>	As of April 13, 2006
2. Asset and Liability Structure	<u>\$84,651</u>	<u>\$86,509</u>	
a. Current Assets	<u>\$84,651</u>	<u>\$86,509</u>	<u>\$122,468,825</u>
b. Total Assets	<u>\$17,923</u>	<u>\$640</u>	
c. Current Liabilities	<u>\$17,923</u>	<u>\$640</u>	<u>\$61,634,630</u>
d. Total Liabilities	<u>\$17,923</u>	<u>\$640</u>	
3. Statement of Cash Receipts & Disbursements for Month	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
a. Total Receipts	<u>\$0</u>	<u>\$0</u>	<u>\$40,576,057</u>
b. Total Disbursements	<u>\$1,858</u>	<u>\$5,953</u>	<u>\$41,067,638</u>
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	<u>(\$1,858)</u>	<u>(\$5,953)</u>	<u>(\$491,581)</u>
d. Cash Balance Beginning of Month	<u>\$86,509</u>	<u>\$92,462</u>	<u>\$576,231</u>
e. Cash Balance End of Month (c + d)	<u>\$84,651</u>	<u>\$86,509</u>	<u>\$84,651</u>
4. Profit/(Loss) from the Statement of Operations	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
5. Account Receivables (Pre and Post Petition)	<u>(\$19,141)</u>	<u>(\$1,867)</u>	<u>(\$38,941,165)</u>
6. Post-Petition Liabilities	<u>\$0</u>	<u>\$0</u>	
7. Past Due Post-Petition Account Payables (over 30 days)	<u>\$17,923</u>	<u>\$640</u>	
	<u>\$0</u>	<u>\$0</u>	

At the end of this reporting month:

8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)	<u>Yes</u>	<u>No</u>
9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)	<u> </u>	<u>x</u>
10. If the answer is yes to 8 or 9, were all such payments approved by the court?	<u> </u>	<u> </u>
11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)	<u> </u>	<u>x</u>
12. Is the estate insured for replacement cost of assets and for general liability?	<u> </u>	<u>x</u>
13. Are a plan and disclosure statement on file?	<u> </u>	<u>x</u>
14. Was there any post-petition borrowing during this reporting period?	<u>x</u>	<u> </u>
15. Check if paid: Post-petition taxes <u>X</u> ; U.S. Trustee Quarterly Fees <u>X</u> ; Check if filing is current for: Post-petition tax reporting and tax returns: <u>X</u> . (Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)		

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 8-22-12


Responsible Individual

STATEMENT OF OPERATIONS

(General Business Case)

For the Month Ended 07/31/12

Current Month			Cumulative (Case to Date)	Next Month Forecast
Actual	Forecast	Variance		
Revenues:				
		\$0	1 Gross Sales	\$21,102,796
		\$0	2 less: Sales Returns & Allowances	
\$0	\$0	\$0	3 Net Sales	\$21,102,796
\$0	\$0	\$0	4 less: Cost of Goods Sold	(Schedule 'B')
		\$0	5 Gross Profit	\$21,102,796
		\$0	6 Interest	\$369,663
		\$0	7 Other Income:	\$8,044
		\$0	8 Intercompany allocations	\$334,467
		\$0	9 Gain on Sale of Assets	\$1,609,428
\$0	\$0	\$0	10 Total Revenues	\$23,424,398
Expenses:				
		\$0	11 Compensation to Owner(s)/Officer(s)	
		\$0	12 Salaries	\$1,774,342
		\$0	13 Commissions	\$140,833
		\$0	14 Contract Labor	
			Rent/Lease:	
		\$0	15 Personal Property	\$8,861
		\$0	16 Real Property	\$543,557
		\$0	17 Insurance	\$71,737
		\$0	18 Management Fees	
		\$0	19 Depreciation	\$176,590
			Taxes:	
		\$0	20 Employer Payroll Taxes	\$98,105
		\$0	21 Real Property Taxes	
		\$0	22 Other Taxes	\$59,452
		\$0	23 Other Selling	\$51,187
		\$0	24 Other Administrative	\$1,135,403
		\$0	25 Interest	\$4,556
		\$0	26 Other Expenses:	
		\$0	27 Loss on Transfer to Trustee	\$37,804,902
		\$0	28	
		\$0	29	
		\$0	30	
		\$0	31	
		\$0	32	
		\$0	33	
		\$0	34	
\$2,798	\$0	(\$2,798)	35 Total Expenses	\$41,869,525
(\$2,798)	\$0	(\$2,798)	36 Subtotal	(\$18,445,127)
Reorganization Items:				
		\$16,343	37 Professional Fees	(\$20,414,019)
		\$0	38 Provisions for Rejected Executory Contracts	
		\$0	39 Interest Earned on Accumulated Cash from	
		\$0	Resulting Chp 11 Case	
		\$0	40 Gain or (Loss) from Sale of Equipment	
		\$0	41 U.S. Trustee Quarterly Fees	(\$82,019)
		\$0	42	
(\$16,343)	\$0	\$16,343	43 Total Reorganization Items	(\$20,496,038)
(\$19,141)	\$0	\$0	44 Net Profit (Loss) Before Federal & State Taxes	(\$38,941,165)
		\$0	45 Federal & State Income Taxes	
(\$19,141)	\$0	\$0	46 Net Profit (Loss)	(\$38,941,165)

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)
For the Month Ended 07/31/12

Assets

		<u>From Schedules</u>	<u>Market Value¹</u>
1	Cash and cash equivalents - unrestricted		\$84,651
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	
4	Inventory	B	
5	Prepaid expenses		
6	Professional retainers		
7	Other: _____		
8			
9	Total Current Assets		\$84,651
 Property and Equipment (Market Value)			
10	Real property	C	
11	Machinery and equipment	D	
12	Furniture and fixtures	D	
13	Office equipment	D	
14	Leasehold improvements	D	
15	Vehicles	D	
16	Other: _____	D	
17		D	
18		D	
19		D	
20		D	
21	Total Property and Equipment		\$0
 Other Assets			
22	Loans to shareholders		
23	Loans to affiliates		
24			
25			
26			
27			
28	Total Other Assets		\$0
29	Total Assets		\$84,651

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

1 - The method used to estimate the market value of assets was net book value at the end of the current reporting period as market value has not been determined.

Liabilities and Equity
(General Business Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

30	Salaries and wages	
31	Payroll taxes	
32	Real and personal property taxes	
33	Income taxes	
34	Sales taxes	
35	Notes payable (short term)	
36	Accounts payable (trade)	A
37	Real property lease arrearage	
38	Personal property lease arrearage	
39	Accrued professional fees	
40	Current portion of long-term post-petition debt (due within 12 months)	
41	Other:	
42		
43		
44	Total Current Liabilities	\$17,923

Long-Term Post-Petition Debt, Net of Current Portion

46	Total Post-Petition Liabilities	\$17,923
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Pre-Petition Liabilities (allowed amount)¹

47	Secured claims ¹	F	
48	Priority unsecured claims ¹	F	
49	General unsecured claims ¹	F	
50	Total Pre-Petition Liabilities		\$0
51	Total Liabilities		\$17,923

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing	\$38,932,893
53	Capital Stock	\$75,000
54	Additional paid-in capital	
55	Cumulative profit/(loss) since filing of case	(\$38,941,165)
56	Post-petition contributions/(distributions) or (draws)	
57		
58	Market value adjustment	
59	Total Equity (Deficit)	\$66,728
60	Total Liabilities and Equity (Deficit)	\$84,651

NOTE:

1 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court. The pre-petition liabilities' amounts above reflect the claimed amounts filed on Schedules.

SCHEDULES TO THE BALANCE SHEET **(General Business Case)**

Schedule A

Accounts Receivable and (Net) Payable

Receivables and Payables Agings	Accounts Receivable [Pre and Post Petition]	Accounts Payable [Post Petition]	Past Due Post Petition Debt
0 -30 Days		\$17,923	
31-60 Days		\$0	
61-90 Days		\$0	
91+ Days		\$0	\$0
Total accounts receivable/payable	\$0	\$17,923	
Allowance for doubtful accounts			
Accounts receivable (net)		\$0	

Schedule B
Inventory/Cost of Goods Sold

<u>Types and Amount of Inventory(ies)</u>	<u>Inventory(ies)</u> <u>Balance at</u> <u>End of Month</u>	<u>Cost of Goods Sold</u>
Retail/Restaurants - Product for resale	_____	<u>Inventory Beginning of Month</u> Add - Net purchase Direct labor Manufacturing overhead Freight in Other: _____
Distribution - Products for resale	_____	Less - Inventory End of Month Shrinkage Personal Use _____
Manufacturer - Raw Materials Work-in-progress Finished goods	_____	<u>Cost of Goods Sold</u> _____
Other - Explain	_____	\$0
<u>TOTAL</u>	_____	_____

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes _____ No _____

How often do you take a complete physical inventory?

Weekly _____

Monthly

Quarterly

Semi-annually

Annually _____

Date of last physical inventory was _____

Date of next physical inventory is _____

Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost

LIFO cost

Lower of cost or market

Retail method

Return Other

Other Explain

Revised 1/1/98

Schedule C
Real Property

Description	<u>Cost</u>	<u>Market Value</u>
Total	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Schedule D
Other Depreciable Assets

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Furniture & Fixtures -		
Total	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Office Equipment -		
Total	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Leasehold Improvements -		
Total	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Vehicles -		
Total	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
Taxes Payable					
Federal					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
Total Federal Taxes	\$0	\$0	\$0	\$0	\$0
State and Local					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$0	\$0	\$0	\$0	\$0
Total Taxes	\$0	\$0	\$0	\$0	\$0

Schedule F
Pre-Petition Liabilities

<u>List Total Claims For Each Classification -</u>	<u>Claimed¹ Amount</u>	<u>Allowed² Amount (b)</u>
Secured claims (a)		
Priority claims other than taxes		
Priority tax claims		
General unsecured claims		

(a) List total amount of claims even if under secured.

(b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

Acco

Schedule H

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>	<u>Account 5</u>
Bank	Bank of America				
Account Type	Analyzed Checking				
Account No.	████████2383				
Account Purpose	General				
Balance, End of Month	\$84,651				
Total Funds on Hand for all Accounts	\$84,651				

Attach copies of the month end bankstatement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

NOTES:

1 - Claimed Amounts reflects amounts filed on schedules and is subject to change as proof of claims are filed and further pre-petition invoices are identified.

2 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended 07/31/12**

		<u>Actual Current Month</u>	<u>Cumulative (Case to Date)</u>
Cash Receipts			
1 Rent/Leases Collected			
2 Cash Received from Sales			<u>\$7,861,555</u>
3 Interest Received			<u>\$559,259</u>
4 Borrowings			
5 Funds from Shareholders, Partners, or Other Insiders			<u>\$5,000</u>
6 Capital Contributions			
7 Management Fees from USA Capital Realty Advisors, LLC			<u>\$1,564,093</u>
8 Tax, Security Deposit, and Other Refunds			<u>\$8,929</u>
9 Principal Received on Notes Receivable			<u>\$82,832</u>
10 Escrow Deposit/Sale Proceeds/Effective Date Transfer			<u>\$30,494,389</u>
11			<u>\$0</u>
12 Total Cash Receipts		<u>\$0</u>	<u>\$40,576,057</u>
Cash Disbursements			
13 Payments for Inventory			
14 Selling			<u>\$2,619</u>
15 Administrative		<u>\$1,533</u>	<u>\$1,093,419</u>
16 Capital Expenditures			
17 Principal Payments on Debt			<u>\$150,645</u>
18 Interest Paid			<u>\$4,888</u>
19 Rent/Lease:			
20 Personal Property			<u>\$9,963</u>
21 Real Property			<u>\$569,426</u>
22 Amount Paid to Owner(s)/Officer(s)			
23 Salaries			
24 Draws			
25 Commissions/Royalties			
26 Expense Reimbursements			
27 Other			
28 Salaries/Commissions (less employee withholding)			<u>\$1,740,393</u>
29 Management Fees			
30 Taxes:			
31 Employee Withholding			<u>\$213,091</u>
32 Employer Payroll Taxes			<u>\$94,063</u>
33 Real Property Taxes			
34 Other Taxes			<u>\$78,889</u>
35 Other Cash Outflows:			
36 Professional Fees Paid in Connection with Chapter 11 Case			<u>\$19,787,742</u>
37 U.S. Trustee Quarterly Fees		<u>\$325</u>	<u>\$81,767</u>
38 Escrow Deposit/Interpleader Settlement/Transfer to Trustee			<u>\$10,209,591</u>
39 DTDF & PBGC Settlement			<u>\$7,031,142</u>
38 Total Cash Disbursements:		<u>\$1,858</u>	<u>\$41,067,638</u>
39 Net Increase (Decrease) in Cash		<u>(\$1,858)</u>	<u>(\$491,581)</u>
40 Cash Balance, Beginning of Period		<u>\$86,509</u>	<u>\$576,231</u>
41 Cash Balance, End of Period		<u>\$84,651</u>	<u>\$84,651</u>

STATEMENT OF CASH FLOWS
 (Optional) Increase/(Decrease) in Cash and Cash Equivalents
 For the Month Ended 07/31/12

		<u>Actual</u> <u>Current Month</u>	<u>Cumulative</u> <u>(Case to Date)</u>
	Cash Flows From Operating Activities		
1	Cash Received from Sales		\$7,861,555
2	Rent/Leases Collected		
3	Interest Received		\$559,259
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		\$2,619
6	Cash Paid for Administrative Expenses	\$1,533	\$1,093,419
	Cash Paid for Rents/Leases:		
7	Personal Property		\$9,963
8	Real Property		\$569,426
9	Cash Paid for Interest		\$4,888
10	Cash Paid for Net Payroll and Benefits		\$1,740,393
	Cash Paid to Owner(s)/Officer(s):		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16	Employer Payroll Tax		\$94,063
17	Employee Withholdings		\$213,091
18	Real Property Taxes		
19	Other Taxes		\$78,889
20	Cash Paid for General Expenses		
21	Management Fees from USA Capital Realty Advisors, LLC		(\$1,564,093)
22	Tax, Security Deposit, and Other Refunds		(\$8,929)
23	Principal Received on Notes Receivable		(\$82,832)
24			\$0
25			
26			
27	Net Cash Provided (Used) by Operating Activities before Reorganization Items	(\$1,533)	\$6,269,917
	Cash Flows From Reorganization Items		
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case		\$19,787,742
30	U.S. Trustee Quarterly Fees	\$325	\$81,767
31	Escrow Deposit & Settlement/Sale Proceeds/Effective Date Transfer/Settlements		(\$13,253,656)
32	Net Cash Provided (Used) by Reorganization Items	(\$325)	(\$6,615,853)
33	Net Cash Provided (Used) for Operating Activities and Reorganization Items	(\$1,858)	(\$345,936)
	Cash Flows From Investing Activities		
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	Net Cash Provided (Used) by Investing Activities	\$0	\$0
	Cash Flows From Financing Activities		
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		\$5,000
40	Capital Contributions		
41	Principal Payments		\$150,645
42			
43	Net Cash Provided (Used) by Financing Activities	\$0	(\$145,645)
44	Net Increase (Decrease) in Cash and Cash Equivalents	(\$1,858)	(\$491,581)
45	Cash and Cash Equivalents at Beginning of Month	\$86,509	\$576,231
46	Cash and Cash Equivalents at End of Month	\$84,651	\$84,651